AGRICULTURE

SESAME

Business Clustering

Sustainable Development Goals

1 NO POVERTY	**2** ZERO HUNGER	**3** GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION	**5** GENDER EQUALITY	**6** CLEAN WATER AND SANITATION
8 DECENT WORK AND ECONOMIC GROWTH	**9** INDUSTRY, INNOVATION AND INFRASTRUCTURE	**17** PARTNERSHIPS FOR THE GOALS

The African Union Comprehensive African Agricultural Development Programme (CAADP)

SUSTAINABLE LAND AND WATER MANAGEMENT

RURAL INFRASTRUCTURE AND TRADE RELATED CAPACITIES

AGRICULTURAL RESEARCH, TECHNOLOGY AND DISSEMINATION

INCREASING FOOD SUPPLY AND REDUCING HUNGER

Identifying initiatives already in motion which could be invested in and strategically supported to reduce child labour is a key outcome of the PACE programme. Business clustering has been pinpointed by the Ethiopian government as the primary method of improving farmer income, by combining the resources and outputs of smallholder farms to improve their market access, return greater yield of higher-quality product and allow greater access to finance.

The Ethiopian Agricultural Transformation Agency (ATA) launched the Agricultural Commercialization Cluster (ACC) Initiative in November 2019, with aims to double the income of five million smallholder farmers over five years. It is focused on 10 priority commodities, one of which is sesame, in four states – Amhara, Oromia, SNNP and Tigray.

The goal is to fundamentally change the national agricultural industry to shorten value chains and direct more money to producers, which in turn would be a key factor in reducing the most prominent driver of child labour – poverty.

The recommendations from PACE are to adapt this clustering approach to be specifically child labour-focussed, building geographically and commodity-based coalitions of farmers, centred on improving access to market and adding value for farmers, to reduce reliance on child labour.

WHAT IS A CLUSTER?

A cluster is an alternative way of organising a value chain, defined as "groups of industries closely related by skill, technology, supply, demand and/or other linkages" (Delgado, Porter, and Stern 2016). Clusters are geographic concentrations of interconnected companies and institutions in a particular field and encompass an array of linked industries and other entities that include, for example, suppliers of inputs, production and manufacturing, and providers of infrastructure.

A cluster-based development approach involves collaborative actions by groups of companies, governments, and other related institutions to improve the competitiveness of a group of interlinked economic activities in a specific geographic region. Successful clusters include governmental and other institutions, such as universities, research and development, vocational training providers, and trade associations, that provide training, education, information, research, and technical support. Another vital component of cluster development is access to finance.

AGRICULTURAL BUSINESS CLUSTERING

Agricultural business clustering is an integrated approach that promotes:

- **Value chain development:** shortening and strengthening value chains to provide maximum value for farmers

- **Institutional economics:** developing robust economic models throughout the cluster by pooling resources and knowledge

- **Market system development**: using the combined market power of the cluster to improve access to markets by changing the dynamics of the market and improving physical infrastructure

- **Transaction economics:** using the advantages of geographically based transactions and a pool of local, experienced employees to reduce costs, for example.

- **Rural innovation systems:** innovations in areas such as health, housing and transport can emerge through collaboration within the cluster

- **A grassroots approach:** advocating the inclusion of actors in specific geographical areas on specific value chains, with clear product-to-market links

The recommendations are coded to signify the key stakeholders that must be engaged to ensure any alternative pathway programmes are well researched, designed, effective and sustainable. See the key at the footer of each page.

Where there is application for other fragile contexts outside of DRC, you will see this icon:

- Partners
- Beneficiaries
- Other fragile contexts

AGRICULTURAL BUSINESS CLUSTERING: KEY CONSIDERATIONS

As one of the strategic goals of a clustering approach is to improve access to market, any project should be implemented together with interventions that:

- Improve Infrastructure
- Remove physical barriers to improved market access
- Harness the potential of the private sector

In implementing recommendations, the following should be considered:

Selecting appropriate locations to pilot

Primarily in the Amhara region, in the Metema / Quara / West Aramcho areas. There are also areas of the Tigray region (Segede / Kafta Humara / Wolkait) that may be suitable, depending on the outcome of the ongoing conflict

Identification of key actors

This should include local chiefs, religious leaders, CSOs and other child protection networks, public services, cooperative and cluster leadership, and officials of government bodies such as the ATA.

Multi-stakeholder cooperation

Addressing issues related to infrastructure (in particular, water, transport, electricity and internet connectivity), timely finance, warehousing, and market information.

Partners must be committed to long-term and sustained investment and implementation in order to reduce harm to children, maximise resources and increase the chances of long-term community transformation.

Relevent to
Other Fragile Contexts

Sector Partners
Local governance
Civil society organisations
National Government
Business
Investors

Beneficiaries
Children (age 2-14)
Youth (age 14-18)
Adults (age 18+)
Accessible to all

Gender neutral
Female focused
Male focused

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Development of a business clustering strategy focussed on child safety

Redefine value addition for the cluster to include continuous improvement of child safety and reduction in hours worked for children.

Ensuring sustainability, replicability, and improved routes to market

Promotion of gender equality in management positions

Training members in the principles of cluster development

Thorough grounding in the principles of bottom-up, participatory management of the cluster.

Assess social norms and other potential barriers to entry and engagement

Highlight the strengths of pursuing gender equality and disability empowerment in management positions

Partnering with existing Research and Development (R&D) Institutions

Build on the strengths of regional sectoral R&D, using the cluster network to extend the reach of technological advancements in country.

Corruption proofing

Clear accountability and continuous monitoring and evaluation must be put in place within programme design to ensure children are removed from the worst forms of child labour (**WFCL)** from the outset and continue to benefit from the advantages of the business cluster.

Learn from cooperative models used throughout Ethiopian agriculture

Cooperatives are top-down organisations imposed by government and not functioning as they should. Clustering should be led by market participants and the project should seek to develop a smallholder farmer-led initiative.

Ensure each component of a cluster is represented within the pilot

Farmers, finance providers, higher education / research and development and government institutions such as ATA, plus a cluster-facilitating body.

Enhance the formal education curriculum

Ensure the school curriculum champions jobs in agriculture as reputable and professional, providing practical and relevant education, allowing children the opportunity to pursue farming vocationally or access employment in other areas of the agricultural sector.

Relevent to	Sector Partners	Beneficiaries	
Other Fragile Contexts	Local governance	Children (age 2-14)	Gender neutral
	Civil society organisations	Youth (age 14-18)	Female focused
	National Government	Adults (age 18+)	Male focused
	Business	Accessible to all	
	Investors		

STRATEGY FOR BUILDING AGRICULTURAL CLUSTERS AS A DEVELOPMENT APPROACH

- A regulatory framework to implement quality standards should be set up, including specific regulations on the employment of children, the types of work that can be safely undertaken, maximum hours of work, maximum weights to lift and carry, and improved rates of income.
- Actors within a cluster should be formed into relevant groups, such as farmer cooperatives and seed / fertiliser suppliers.
- Cluster members should be trained through their groups, with training linked to their specialisation, such as improved cultivation practices for farmers, seed companies, and nursery operators. They should also receive training in grading, marketing, and management.
- Promote collective actions within each group and create vertical linkages between farmers and processors through contracts.
- Establish a project management unit to coordinate the interests of cluster members and promote the cluster-based agricultural transformation approach.

AREAS OF IMPACT

The local target area

Immediate: Whilst the focus is on developing a long-term strategy for adding value for smallholder farmers, early emphasis should be placed on addressing worst forms of child labour WFCL for upcoming planting and harvest cycles.

Long-term: Child-focussed development to improve income for farmers, community enhancement through infrastructure and business growth.

In the Ethiopian sesame sector

A successful launch of a clustering initiative could expedite the creation of value-added production more generally within the sesame seed sector throughout Ethiopia. A fundamental impact of this would be a reduction in the reliance on child labour in farming communities.

Country-wide

The results of the clustering initiative within an agricultural context would present a pathway for other agricultural sectors.

Other fragile contexts

Develop a bottom-up approach to value chain mapping to facilitate similar approaches to tackling the worst forms of child labour in agriculture and other sectors globally.

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Stakeholder Benefits

Community Livelihoods

Drives up earnings for smallholder farmers

Strong links forged between the more professionalised aspects of the industry and farming, enhancing opportunities and career progression

Community building around livelihood and lifestyle improvement for children

Government

Achieves one of its key goals in improving livelihoods for farmers

Developing a model for community development built around child safety

CSOs & Organisations

Consistent long-term direction and project ownership

Uses knowledge and expertise to help children participate in improving their own prospects

Private Sector

Enables a systemic, industry-linked approach to improving the lives of children in the supply chain. Companies can become more engaged with suppliers at grass roots by helping fund and equip training, research and development, creating better products and a more reliable supply chain

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